

REMARKS

Applicants note that claim 15 has been cancelled because it is identical to claim 12.

The examiner has rejected all pending claims under 35 U.S.C. 102(b) as anticipated by Kalmus. Applicants disagree because Kalmus teaches an electronic trading system adapted for an individual market maker, such as a brokerage firm, in which customer stock trades are "executed" by incrementing or decrementing the market maker's position in the stock. As such, Kalmus does not disclose a system where orders are matched-off against particular quotes as required in all of the pending claims.

With respect to claim 1, Kalmus does not disclose or suggest *checking if a market participant identification associated with an order matches a market participant identification representing a quote in the system*. Nor does Kalmus disclose or suggest *matching off a customer order against one of the best bid or best offer that is at the opposite side of the market irrespective of any other priority established for matching orders in the system if the market participant identification matches a market participant identification representing a best bid/offer*.

Again, Kalmus discloses an electronic trading system adapted for an individual market maker (e.g., a brokerage firm) in which customer trades are "executed" by incrementing or decrementing the market maker's position in a particular stock and does not match an order off against a bid/offer. As such, the system in Kalmus operates in a fundamentally different way than what is taught in claim 1 which requires, among other things, that an order be matched off against a bid/offer.

Several other distinctions flow from this fundamental distinction between Kalmus and claim 1.

First, Kalmus does not teach nor suggest associating a market participant identification with an order (see the list of "Order Variables" associated with each order listed at column 2, line 55 through column 3, line 14). Applicants note that neither the customer identification (CUSTID) variable nor the originator identification (ORIGID) variable associated with an order in Kalmus could be fairly considered a market participant as neither the customer nor the branch

office/account manager originating the transaction directly participate in an exchange of securities in the Kalmus system. Thus, Kalmus does not teach the association of a market participant ID with an order.

Second, Kalmus also does not teach the association of a market participant ID with a quote. While the system in Kalmus receives best bids and offers pricing information from NASDAQ (see FIG. 1), Kalmus does not teach that the bid/offer prices received from NASDAQ include a market participant identification associated with them (see "Market Trade Criteria" listed in the table at column 3, lines 15-28). Indeed, because Kalmus does not actually match off an order with a quote, there is no need in Kalmus to identify the market participant quoting the price on the NASDAQ exchange.

Third, Kalmus does not teach the association of a market participant identification with either an offer or a quote, Kalmus obviously does not teach or suggest matching a market participant identification associated with an offer with a market participant identification associated with a quote.

Fourth, Kalmus also does not teach or suggest any matching off of an offer with a quote, let alone any teaching about matching off an offer and a quote irrespective of any other priority established for matching orders in a system. In fact, Kalmus is completely devoid of any teaching about prioritizing orders. Rather, Kalmus teaches a "real-time

For at least these reasons, Applicants submit that claim 1 should be allowed. For the same reasons, Applicants submit that dependent claims 3-10 should also be allowed. Moreover, dependent claims 3-10 are further distinguished from Kalmus.

Claims 3 is further distinguished from Kalmus in that Kalmus does not teach or suggest matching-off an order without respect to a time priority of other quotes in the system, at the opposite side of the market to the customer order.

Claim 4 is further distinguished in the Kalmus does not teach or suggest calling a cancel request to cancel a quote at the side of the market in which a matched off order will be executed.

Claim 5 is further distinguished in that Kalmus does not teach or suggest calling a cancel request prior to matching off the order to cancel a quote at the side of the market at which a matched off order will be executed.

Claim 6 is further distinguished in that Kalmus does not teach or suggest routing an order to a market participant corresponding to the market participant that has the one of the best bid or offer that is at the opposite side of the market.

Claim 7 is further distinguished in that Kalmus does not teach or suggest checking a customer order against proprietary quotes and agency quotes of a market participant identification representing a quote in the system which is at the best bid or best offer.

Claim 8 is further distinguished in that Kalmus does not teach or suggest receiving an internal book value of the market participant to match-off against the market participant's posted agency or proprietary quotes.

Claim 9 is further distinguished in the Kalmus does not teach or suggest receiving the order from a market participant via an order execution system. Rather Kalmus simply shows a type of order execution system that may be used by a single market participant.

Claim 10 is further distinguished in that Kalmus does not teach or suggest receiving the order from the market participant via a negotiation order entry system.

Claim 11 is distinguished from Kalmus in that Kalmus does not describe an order execution process that receives orders and matches orders against quotes posted in a market system on a time priority basis. Nor does Kalmus teach or suggest an order match-off process that checks if a market participant identification associated with a received order matches a market participant identification representing a quote in the system that is best bid or best offer price in the system. Thus, Applicants submit that claim 11 is allowable over Kalmus. For the same reasons, dependent claims 12-14, 16-17 are also allowable. Moreover, claims 12-14 and 16-17 are further distinguished from Kalmus.

Claim 12 further distinguished over Kalmus in that Kalmus does not teach or suggest a match-off process which includes a process to execute an order against one of the best bid or best offer at the opposite side of the market.

Claim 13 is further distinguished in that Kalmus does not teach or suggest a process to request a cancellation of a quote at the side of the market in which an internalized order will be executed.

Claim 14 is further distinguished in that Kalmus does not teach or suggest a routing process to route an order to a market participant corresponding to the participant that has one of the best bid or best offer that is at the opposite side of the market.

Claim 16 is further distinguished in that Kalmus does not teach or suggest a process to request a cancellation of a quote at the side of the market in which an internalized order will be executed.

Claim 17 is further distinguished in that Kalmus does not teach or suggest a routing process to route an order to a market participant corresponding to the participant that has the one of the best bid or best offer that is at the opposite side of the market.

Claim 18 is distinguished from Kalmus for the same reasons that claim 11 is distinguished from Kalmus.

For the foregoing reasons, Applicants asks that all claims be allowed. Please apply any other charges or credits to Deposit Account No. 06-1050.

Respectfully submitted,

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**Version with markings to show changes made**

In the claims:

Please cancel claim 15.